

Message Text

CONFIDENTIAL

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50

ACTION XMB-07

INFO OCT-01 EA-11 ADP-00 EB-11 FPC-01 SCEM-02 TRSE-00

COME-00 CIAE-00 INR-09 NSAE-00 PA-03 RSC-01 USIA-12

PRS-01 INT-08 L-03 FMC-04 RSR-01 /075 W

----- 031293

R 270317 Z MAR 73

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6173

INFO AMCONSUL MEDAN

AMCONSUL SURABAYA

AMEMBASSY TOKYO

C O N F I D E N T I A L JAKARTA 3607

TOKYO FOR KEARNS

DEPT PLEASE PASS EXIM (BOSTICK)

E. O. 11652: GDS

TAGS: ENRG, BGEN, ID

SUBJECT: CERP/ ERG: LNG DEVELOPMENTS

REF: (A) JAKARTA 2973; (B) JAKARTA 3191

1. SUMMARY - INDON PRESS HAS REPORTED MOBIL AND PERTAMINA SIGNED MEMORANDUM OF UNDERSTANDING COVERING DEVELOPMENT AND UTILIZATION NORTH SUMATRA NATURAL GAS PROVIDING FOR JOINTLY- OWNED LNG LIQUEFACTION PLANT, COOPERATION IN MARKETING LND AND TECHNICAL ASSISTANCE BY MOBIL FOR PLANT AND LOADING FACILITIES. PACIFIC LIGHTING REPS, FOLLOWING MEETING WITH GENERAL IBNU AND MOBIL REPS, TOLD AMBASSADOR PRINCIPAL UNRESOLVED ISSUE WITH PERTAMINA IS PRICE OF LNG AND THAT EXIM FINANCING MOST IMPORTANT TOOL TO CLINCH SALE TO WEST COAST. PACIFIC LIGHTING EXPECTS TO PRESENT FINAL PRICE AND CONTRACT FOR PERTAMINA REVIEW WITHIN ONE MONTH. PACIFIC LIGHTING REP SAID HE THOUGHT AT SOME POINT GOVERNMENT TO GOVERNMENT CONTACT MIGHT BE IMPORTANT TO PROMOTE US INTERESTS. END SUMMARY

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BEGIN UNCLASSIFIED

2. ON MARCH 16 INDON PRESS (ANTARA) REPORTED STORY DATELINED NEW YORK THAT MOBIL AND PERTAMINA SIGNED MEMORANDUM OF UNDERSTANDING (MU)

COVERING UTILIZATION AND DEVELOPMENT OF NATURAL GAS FROM MOBIL' S ARUN

FIELD IN NORTH SUMATRA MU CONTEMPLATES MOBIL/ PERTAMINA CONSTRUCTION

JOINTLY- OWNEADABA REGIONS MUCH BETTER OFF, THOUGH WELL BELOW NORMAL. IN SUM, GOJ PRODUCTION FORECAST, WHILE PAINFULLY LOW, IS REALISTIC.

C. ON TITLE I VERSUS II ASPECT, GOJ CLEARLY VIEWS THIS AS DROUGHT- EMERGENCY SITUATION, AND WITH REASON. ITS POSITION, AS ON WHEAT REQUEST, IS AS REPORTED AMMAN 1486. IT EARNESTLY REQUESTS AS MUCH AS POSSIBLE BE DONE UNDER TITLE II, REGARD- LESS OF ADVICE WE HAVE GIVEN IN DISCUSSION AND IN WRITING THAT PRESENT USG POLICY MAKES SUPPLY TO JORDAN UNDER THAT TITLE IN FY 1974 OUT OF QUESTION.

2. BASED ON ABOVE, WE RECOMMEND AID/ W AUTHORIZE NEGOTIATIONS SOON AS POSSIBLE TO MEET JORDAN' S REQUEST FOR UP TO 35,000 MT CORN FOR ARRIVAL BEGINNING THIS FALL.

3. BEARING IN MIND UNSATISFACTORY JORDANIAN PERFORMANCE ON 1970 TITLE I FREE DISTRIBUTION CORN AGREEMENT (AMMAN 705 PARA 4, AND PREVIOUS) AND GOJ' S FINANCIAL BURDENS, WE RECOMMEND AN EXCEPTION TO PRESENT TITLE II POLICY. SUGGEST AID/ W CONSIDER PROVIDING JORDAN WITH TITLE II CORN TO BE SOLD AT COST PRICE FOR DOMESTIC USE. PROCEEDS WOULD BE DEPOSITED INTO JOINT ACCOUNT EARMARKED FOR DEVELOPMENT PROJECTS MUTUALLY AGREED ON (E. G. GRAIN STORAGE). WE BELIEVE BY THIS SYSTEM, PROGRAM WOULD AVOID DIFFICULTIES THAT PLAGUED 1970 TITLE II ARRANGEMENT.

BROWN

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 27 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973JAKART03607
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: n/a
Film Number: n/a
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730339/aaaaiitn.tel
Line Count: 105
Locator: TEXT ON-LINE
Office: ACTION XMB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 JAKARTA 2973, 73 JAKARTA 3191
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 05 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05-Nov-2001 by willialc>; APPROVED <21-Nov-2001 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 971231; srp 971230
Subject: CERP/ ERG: LNG DEVELOPMENTS
TAGS: BGEN, ENRG, ID
To: SECSTATE WASHDC
XMB INFO MEDAN
SURABAYA
TOKYO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005